



NEWS

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See MCI v. FCC, 515 F.2d 385 (D.C. Cir. 1974).

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FEDERAL COMMUNICATIONS COMMISSION BEGINS REVIEW OF POLICIES ON INTERNATIONAL CALLING TO ACHIEVE GREATER CONSUMER BENEFITS

Washington, D.C. – Today, the Federal Communications Commission (FCC) adopted a Notice of Proposed Rulemaking (NPRM) that requests comment on possible reform to the regulatory framework under which U.S. carriers and foreign carriers negotiate for commercial agreements to exchange traffic. Since the Commission adopted in 1997 its *Benchmarks Order*, the average U.S.-international settlement rate has fallen from \$0.35 in 1997 to \$0.14 in 2001, and, correspondingly, U.S. calling prices have dropped from \$0.67 in 1997 to \$0.33 in 2001. Moreover, number of U.S.-authorized international service providers has grown to more than 3900 and there are more than 4000 global carriers worldwide. The purpose of initiating this proceeding is to consider measures to permit greater benefits to U.S. consumers in the form of lower calling prices and more innovation in light of dramatic changes in the international marketplace.

The Commission seeks comment in the NPRM from the public regarding possible reform of its International Settlements Policy, International Simple Resale and benchmarks policies, and inquires about the issue of foreign mobile termination rates. The Commission's International Settlements Policy (ISP) is designed to promote lower international calling rates for consumers by leveling the playing field for U.S. carriers in their negotiations with foreign carriers. The Commission requests comment and information on whether competition in the U.S.-international marketplace is such that the ISP, in its current form, is sufficiently targeted to address today's market concerns. The Commission also asks whether, under various options described in the NPRM, removing the regulatory restrictions of the ISP would benefit consumers by promoting greater competition, while still preventing any anticompetitive harm from foreign carriers and otherwise protecting the public interest.

In addition, the Commission asks for comment on the next phase of the Commission's settlement rate policies, and what, if any, actions, including revising its International Simple Resale and benchmarks policies, the Commission should consider. Because the final transition period for benchmark rates will soon conclude, the Commission is exploring whether further actions may be appropriate.

Finally, consistent with the Consumer Alert the Commission released in September, the NPRM seeks comment on whether foreign mobile termination charges are harming U.S. consumers and competition. Consumers placing international calls to mobile telephones in other countries may incur special surcharges on their bills that reflect the charges for termination of calls to foreign mobile networks. The NPRM seeks comment on ways the Commission may effectively address any harm to consumers and competition and also improve consumer awareness.

The Commission invites parties to comment on these proposals and on any other relevant issues, including the adoption of safeguards, transition and sunset issues, and possible reform of Commission filing and reporting requirements. Comments are due December 10, 2002. Reply comments are due January 9, 2002.

Action by the Commission October 10, 2002, by Notice of Proposed Rulemaking (FCC 02-285). Chairman Powell, Commissioners Abernathy, Copps and Martin.

-FCC-

IB Docket Nos. 02-324 and 96-261

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